

Ms. Robin Dozier Otten
Secretary-Designate
New Mexico Human Services Department
Office of the Secretary
P. O. Box 2348
Santa Fe, NM 87504-2348

Dear Ms. Otten:

We are pleased to inform you that your application, entitled “New Mexico State Coverage Initiative (New Mexico SCI),” as modified by the Special Terms and Conditions accompanying this award letter, has been approved as project No.11-W-00146/6 for title XIX and project No. 21-W-00012/6 for title XXI. New Mexico’s request is being approved under the Administration’s Health Insurance Flexibility and Accountability (HIFA) demonstration initiative. Under HIFA, the Administration puts particular emphasis on broad statewide coverage approaches like New Mexico’s that target Medicaid and State Children’s Health Insurance Program (SCHIP) resources to populations with income below 200 percent of the Federal Poverty Level (FPL) in order to maximize private health insurance coverage options. New Mexico’s initiative is unique in that it proposes to achieve health care coverage for the uninsured using a commercial insurance product with a benefit package similar to that typically provided through employer-sponsored insurance.

We believe this approval furthers the objectives of the SCHIP program in that fostering a culture of valuing health insurance and a medical home in an overall community has the effect of increasing coverage rates, access to health insurance, and appropriate utilization for children in the community.

Approval is under the authority of section 1115 of the Social Security Act (the Act) and covers the 5-year period beginning with the implementation date as defined in section II.2a of the attached Special Terms and Conditions.

You propose using title XIX and title XXI funds to provide coverage to uninsured parents of Medicaid and SCHIP-eligible children with adjusted net family income from 37 percent of the FPL through 200 percent of the FPL; and title XXI funds for uninsured single or childless adults with income from zero percent of the FPL through 200 percent of the FPL. Parent coverage will be funded with title XIX funds in the event that the title XXI allotment is insufficient to fund such coverage, after first covering children and childless adults. As specified in the attached list of waiver and expenditure authorities and in the Special Terms and Conditions, the Centers for Medicare & Medicaid Services and the State will agree upon the Medicaid budget neutrality parameters for the parent population before the title XIX authorities will become effective.

Page 2—Ms. Robin Dozier Otten

Enclosed are the Special Terms and Conditions that define the nature, character, and extent of anticipated Federal involvement in the project. The award is subject to our receiving your written acceptance of the award, including the Special Terms and Conditions, within 30 days of the date of this letter.

All requirements of the Medicaid and SCHIP programs expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in this letter, shall apply to the New Mexico SCI.

Congratulations on the approval of your innovative approach to expanding health care coverage to the uninsured. We look forward to working with you on its implementation. Your Project Officer for this demonstration will be Maria Boulmetis, who can be reached at (410) 786-0552. Your regional office contact will be Jack Allen, who can be reached at (214) 767-4425.

Sincerely,

Thomas A. Scully

Enclosure

Section 1115 Health Insurance Flexibility and Accountability (HIFA) Demonstration
New Mexico State Coverage Initiative (New Mexico SCI)
Project, No.11-W-00146/6 (title XIX)
Project No. 21-W-00012/6 (title XXI)

Any below-listed waivers or expenditure authorities relevant to title XIX will take effect when CMS and the State agree to budget neutrality parameters for Demonstration Population 1, as defined below.

Under section 1115(a)(1) of the Act, the following waivers are approved for a 5-year period beginning with the implementation date of the New Mexico SCI demonstration:

Title XIX

Freedom of Choice

Section 1902 (a)(23)

To enable the State to restrict freedom of choice of provider, for members of Demonstration Population 1 as specified below whose coverage is funded under title XIX.

Amount, Duration, & Scope

Section 1902(a)(10)(B)

To enable the State to modify the Medicaid benefit package to provide a more limited package to beneficiaries made eligible under the demonstration, for members of Demonstration Population 1 as specified below whose coverage is funded under title XIX.

Title XXI

Benefit Package Requirements

Section 2103

To permit the State to offer a benefit package that does not meet the requirements of section 2103.

Cost-Sharing Requirements

Section 2103 (e)

To permit the State to impose cost-sharing in excess of statutory limits.

Cost Not Otherwise Matchable

Under the authority of section 1115 (a)(2) of the Act, and as incorporated into title XXI by section 2107 (e)(2)(A), expenditures made by the State for items identified below (which are not otherwise included as expenditures under sections 1903 or 2105) shall, for the period of this project, be regarded as matchable expenditures under the State's title XIX or title XXI plan as applicable.

Demonstration Population 1: Uninsured parents of Medicaid and SCHIP eligible children, who are not otherwise eligible for Medicaid or Medicare, with net incomes ranging up to and including 200 percent of the FPL. Matchable expenditures will be the cost of a comprehensive benefit package offered through State contractors, as defined in the State's application, excluding any enrollee or employer share.

Demonstration Population 2: Uninsured non-disabled childless adults ages 19-64 with incomes through 200 percent of the FPL who are not otherwise eligible for Medicaid or Medicare. Matchable expenditures will be the cost of a comprehensive benefit package offered through State contractors, as defined in the State's application, excluding any enrollee or employer share.

These expenditure authorities do not include costs for individuals who are ineligible for Federal means-tested benefits by reason of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. We are granting the new expenditure authorities listed above to demonstrate whether expanding eligibility of health insurance benefits to uninsured parents, single, and childless adults will reduce the number of uninsured people in New Mexico by at least 10 percent, and whether fostering a culture of valuing health insurance and a medical home in the State has the effect of increasing coverage rates, access to health insurance, and appropriate utilization for children in the State.

Exceptions to the Medicaid Requirements for the Demonstration Population

In addition, the following will not be applicable to the Demonstration 1 and Demonstration Population 2 participants:

- To permit cost-sharing that is more than nominal to be imposed upon Demonstration Population 1 and Demonstration Population 2 participants. The provisions of section 1902(a)(14) pertaining to cost-sharing would not apply.

Exceptions to the SCHIP Requirements for the Demonstration Population

1. General Requirements and Eligibility Standards Section 2102

The State child health plan does not have to reflect the demonstration population, and eligibility standards do not have to be limited by the general principles in section 2102(b). The State must perform eligibility screening to ensure that applicants for the demonstration population who are eligible for Medicaid are enrolled in that program and not in the demonstration program.

2. Restrictions on Coverage, and Eligibility to Children Section 2103, 2110

Coverage and eligibility for this demonstration population are not restricted to children.

3. Federal Matching Payment and Family Coverage Limits Section 2105

Federal matching payment is available in excess of the ten percent cap for expenditures related to the demonstration population and limits on family coverage are not applicable. Federal matching payments remain limited by allotment determined under section 2104. Expenditures other than on the demonstration population, remains limited in accordance with section 2105(c).

4. Annual Reporting Requirements Section 2108

Annual reporting requirements do not apply to the demonstration population.